

# WELFARE-TO-WORK TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## PURPOSE

To provide a financial incentive for employers to hire long-term Welfare recipients.

## AUTHORIZATION

Public Law 106-170 Section 505.

## HOW THE PROGRAM WORKS

A certification for a federal income tax credit of up to \$8,500 will be issued for each new hire that is certified by the Missouri Division of Workforce Development (DWD) as a member of the long-term Welfare recipient target group defined as a member of a family that:

- ?? Received AFDC/TANF (Welfare) for the last 18 months, OR
- ?? Received AFDC/TANF for any 18 months since August 5, 1997, OR
- ?? Stopped being eligible for AFDC/TANF because the 60-month lifetime limit was reached.

## ELIGIBLE AREAS

Statewide

## ELIGIBLE APPLICANTS

Any private, for-profit business

## ELIGIBLE USE OF TAX CREDITS

The tax credits may be used to offset federal income tax liability of the business. Unused credit may be carried back one year and carried forward 20 years. The tax credits are not sellable or transferable. (Section 51, Internal Revenue Code 1986, as amended)

## APPLICATION PROCEDURE/APPROVAL METHOD

A business will submit an application to DWD no more than 21 days after the employee's first day of work. If DWD finds that the employee meets the target group eligibility criteria, a certification for the credit will be issued to the employer. The program is not competitive or based on first-come submission.

The credit is equal to 35% of the first \$10,000 of wages for the first year of employment (\$3,500 maximum), and 50% of the first \$10,000 of wages in the second year of employment (\$5,000 maximum) for a maximum credit of \$8,500.

## FUNDING LIMITS

There is no limit on the amount per business or total amount distributed annually.

## CONTACT

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